

DEFENSE CONTRACT MANAGEMENT AGENCY

STRATEGIC PLAN

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DIRECTOR'S MESSAGE

Lieutenant General Wendy M. Masiello, U.S. Air Force Director, Defense Contract Management Agency

On behalf of the entire Defense Contract Management Agency (DCMA) senior leadership team, I'm pleased to present our new FY15+ DCMA Strategic Plan. With great thought and significant input from the field, over the past ten months we've defined a clear mission, a shared vision, and four overarching goals essential to our success. The last piece of the process is this – a comprehensive plan for how we're going to make it all happen. We've worked to make this plan concise, attainable and measurable. As with our mission and vision statements, every word contained here has meaning. I'd like to highlight two: mission and agile. Mission is first – it's the reason our organization exists and the purpose of everything we do. We are the independent eyes and ears of DoD and its partners, delivering actionable acquisition insight from the factory floor to the front line ... around the world.

All four of our strategic goals go directly to the heart of this mission. We help our partners spend their finite dollars wisely, ultimately ensuring the front line warfighter gets the equipment and services they need when they need them. We are building and maintaining an experienced workforce of subject matter experts. And we're developing business and fiscal practices that will make sure we are an effective, respected member of the defense community well into the future. We use "agile" five times in the Strategic Plan – it's as important a concept now as it's ever been. Change is relentless as we support the Department of Defense's mission "to provide the military forces needed to deter war and to protect the security of our country." Threats, equipment, budgets, policy, regulation, technology, training – we have to be ready to flex and meet the challenges of change to all of these.

Getting to this point, launching our plan in FY15, has been a collaborative process. Implementing it will require working even closer together as a team. The real work begins now – and it will be a continuous process. This plan will be perpetual. A plan we will track and update regularly. I hope you will join us as together we make DCMA's contribution to defense more timely, more informative, more consistent and more transparent. We'll accomplish this while also enhancing the talents of an already remarkable DCMA team.

Thank you all for your continued, incredible contributions to our country. We are doing important, critical work, and I'm so proud to be a part of this team.

One team, one voice – delivering global acquisition insight that matters.

MISSION

We are the independent eyes and ears of DoD and its partners, delivering actionable acquisition insight from the factory floor to the front line ... around the world.

These are important words, but what do they really mean?

We are the independent eyes and ears of DoD and its partners is the obligation to perform our oversight with an autonomous perspective, ensuring both contractors and the government are meeting their obligations under the terms of the contract.

Delivering actionable acquisition insight means using our independent voice to provide timely and relevant oversight analyses to our customers, not only compliance-based reports on current contracts, but real information that arms the decision makers as they prepare for the next contract.

From the factory floor to the front line expresses our unique role in the acquisition continuum. Whether it's a quality assurance specialist examining production data, a pricing specialist negotiating overhead rates, a software engineer looking at a new design, or a contracting officer ensuring payments are processed – everyone contributes to the mission!

We have an essential role from the moment the contract is signed to the delivery of equipment to warfighters on the front line... around the world is literally where the mission takes us.

Our people are in plants and sites in the continental United States and the Americas, in the Pacific region and Europe, as well as the Middle East. We go where our customers need us to go.

VISION

One team, one voice delivering global acquisition insight that matters.

What is this vision all about?

One team, one voice means we will integrate our efforts, analyze our data, and provide one unified message our customers can use to the benefit of today's contracts and those in the future. This is how we become a powerful organization, by being consistent and trusting and believing in each other, just as we ask our stakeholders to trust and believe in us.

Delivering global acquisition insight expresses our commitment to provide cohesive internal and external information and analyses across the boundaries of programs, platforms, customers, contractors and countries.

That matters ensures the insight we provide to our partners, customers and stakeholders is valid, meaningful and decision-worthy. If not, then why bother?

VALUES

Integrity

Committed to the highest standards of ethical and moral behavior at all times.

Service

Working for the benefit of our nation and putting professional responsibilities before self-interests.

Excellence

Committed to exceptional performance in everything we do.

ACQUISITION ENTERPRISE

Goal 1: Inform and contribute to cost control and affordability for our DoD partners' initiatives and acquisition decisions.

Champion: Mr. Joseph E. Sweeney, Executive Director, DCMA Portfolio Management & Business Integration

As part of the Office of the Under Secretary of Defense for Acquisition, Technology and Logistics' (AT&L) Business Senior Integration group, our Agency director will directly participate in overseeing implementation of the recently released Better Buying Power (BBP) 3.0 initiatives and actions.

Chaired by Under Secretary Frank Kendall, the group brings together the service acquisition executives and senior Office of the Secretary of Defense (OSD) staff. BBP 3.0, the latest evolution of DoD's business reform initiatives, is designed to improve the nation's defense in the most economical and efficient ways possible. DCMA is a recognized leader of, and contributor to, many of DoD's business reform initiatives.

Our new Strategic Plan aligns very nicely to the BBP 3.0 initiatives and actions. Strategic Goal 1, and its five major objectives, aligns to the BBP 3.0 initiatives of achieving affordable programs, achieving dominant capabilities while controlling lifecycle costs, and eliminating unproductive processes and bureaucracy.

As an Agency we are only as good as the information products we provide to our acquisition enterprise customers. Therefore, Goal 1 is focused on improving our acquisition insight products and activities which gets directly to the heart of our Agency mission.

We have a tremendous competitive advantage because of our access and proximity to the contractors' facilities, and our knowledge of the defense industrial base. We must convert this advantage into results. We're immersed daily in the contractor environment, surrounded by their data, and witness to their processes. Our workforce absorbs an incredible amount of information every day, and it's essential we translate that into acquisition insight our acquisition enterprise customers can use to make informed buying decisions. Whether it is DCMA program assessment reports on major programs, overhead should-cost reviews, industrial base analysis, forward pricing rate agreements, input into request for proposal development, or reducing the cost of compliance to industry, the acquisition enterprise counts on DCMA to deliver "*acquisition insight that matters.*"

Objective 1.1: Leverage Agency information to inform affordability and acquisition decisions.

Initiative 1.1.1: Improve number of Program Assessment Reports (PARs) meeting DCMA quality standard by 20% and reduce work/Requests for Information (RFI) on Defense Acquisition Executive Summary (DAES) assessments prior to release to OSD via Defense Acquisition Management Information Retrieval (DAMIR).

Initiative 1.1.2: Expand and institutionalize Prime Control of Subcontractor Assessments (PCSAs) as captured in the PARs submitted.

Objective 1.2: Improve DCMA integrated cost and pricing capability and contribute to improving acquisition timelines for our customers.

Initiative 1.2.1: Establish a baseline and increase Forward Pricing Rate Agreement (FPRA) coverage (corporate, large segment and local) by 5% annually.

Initiative 1.2.2: Increase annual overhead should-cost reviews from 5 conducted in FY15 to 7 each year as prioritized by Service Acquisition Executives (SAEs) and Component Acquisition Executives (CAEs).

Initiative 1.2.3: Define and improve DCMA's role in support Request for Proposal (RFP) development for major proposals (over \$250 million) by DoD buying activities.

Initiative 1.2.4: Develop and establish Commercial Item Determination and Pricing (CIDP) "Centers of Excellence" in accordance with the OSD-approved Plan of Action and Milestones (POAM).

Initiative 1.2.5: Establish advance agreements for the CIDP with major defense contractors.

Initiative 1.2.6: Reduce overaged Contract Closeout backlog in number of actions and dollar value, in accordance with the Managers' Internal Control Program (MICP) corrective action plan.

Objective 1.3: Modernize contractor oversight methods and practices to maximize effectiveness while reducing industry cost of compliance.

Initiative 1.3.1: Integrate Business System review processes to exploit synergy and improve effectiveness (e.g., Earned Value (EV), Contractor Purchasing System Review (CPSR) and Property) to reduce time from “detection to correction” of deficiencies in business systems by 10% annually until Contractor Business System (CBS) rule timelines are met.

Initiative 1.3.2: Actively seek to reduce industry cost of compliance with regards to business and management system reviews.

Initiative 1.3.2.1: Revise our current policy and CONOPS to streamline how we conduct the Earned value Management System (EVMS) mission (i.e., compliance, surveillance and analysis) and target cost savings of 10%.

Initiative 1.3.2.2: Revise our current CPSR procedures and guidebook to improve efficiency and effectiveness. Efficiency measures should ensure the capacity to review eligible contractors at least every five years and issue insightful, timely reports. Effectiveness measures should strengthen review of competition and pricing elements while preserving the integrity of the review process.

Initiative 1.3.2.3: Develop and manage a centralized tracking and scheduling system for all internal and external audits, inspections and assessments within DCMA, to include the contractors under the contracts DCMA administers. The purpose is to avoid duplication of effort, minimize operational disruption and capitalize on synergies.

Objective 1.4: Transition oversight activities from detection to prevention by focusing limited Agency assets earlier in the acquisition value stream and by identifying cost saving areas in order to deliver better acquisition insight.

Initiative 1.4.1: Develop and institutionalize a process to accurately provide acquisition insight via Supplier Risk System (SRS) to support the Services’ Superior Supplier Incentive Program (SSIP).

Initiative 1.4.2: Leverage 3rd party Quality Management System (QMS) certification audit results to reduce duplicative DCMA oversight labor costs allowing DCMA to refocus limited assets on other high risk areas.

Objective 1.5: Define and establish Agency business process for Mission Assurance (MA) and Defense Industrial Base (DIB) integrated insight.

Initiative 1.5.1: Define roles, responsibilities and requirements.

Initiative 1.5.2: Improve our capability to provide and share industrial base insight (integrated data system and situation reports).

POLICIES AND PROCESSES

Goal 2: Optimize mission execution to support the acquisition agile business practices.

Champion: Ms. Marie A. Greening, DCMA Chief Operations Officer

It's been said that making change in a large organization is a bit like turning an aircraft carrier it doesn't happen very fast. DCMA is a large geographically-dispersed organization with offices and people the world over.

Our mission includes performing contract administration activities for a very diverse portfolio of goods and services procured by dozens of customers.

While it's hard to imagine an Agency like ours as agile, we must learn to become so. Our warfighters depend on it! We must be able to meet their needs.

To that end, it is essential for us to develop a strategy for policy and instruction that emphasizes consistency, effectiveness and efficiency.

Regardless of size or dispersion, we are one team. To fully realize the agency's vision, we have to speak with one voice, and to do this we need concise, meaningful central guidance that everyone can draw from, and do so quickly.

We're also charged with providing "*insight that matters.*" For this reason our policy, instructions and training have to be living guidance. They must be continuously improved upon to meet customer requirements and the changing landscapes of technology and DoD missions.

We also need to be able to change direction when called to do so, but just like that aircraft carrier, when the rudder turns all the sailors onboard go in the same direction.

Developing agile business practices that provide us the ability to execute consistently, yet allow us to change when needed, is the intent of Strategic Goal 2.

Objective 2.1: Develop and deploy an Agency policy and instructions strategy that ensures consistent execution across the Agency.

Initiative 2.1.1: Develop and codify a governance process based on the Business Capabilities Model (BCM).

Initiative 2.1.2: Develop and codify policy and process development based on the BCM.

Initiative 2.1.3: Develop an Agency framework that distinguishes policy (what/why) from process (how) and integrates automation in an agile business environment.

Initiative 2.1.4: Develop and execute a single Agency Enterprise Information Technology (IT) Architecture to facilitate process agility and improve system integration over the next 5-7 years.

Initiative 2.1.5: Develop a change management structure to deploy policy and process changes and associated capabilities.

Objective 2.2: Improve instructions, processes and training through continuous internal and external feedback.

Initiative 2.2.1: Sustain a process to consolidate field MICP data, internal review efforts, and external audits (Government Accountability Office (GAO), Department of Defense Inspector General (DoD IG)) to the strategic level for analysis, assessment and recommendations to leadership for improvement.

Initiative 2.2.2: Develop a comprehensive communication plan to support change.

Objective 2.3: Optimize support to the acquisition and DCMA enterprise through agile business organization and processes.

Initiative 2.3.1: Develop and execute a Headquarters organization structure plan to meet the requirements of the 25% Major Headquarters Activity (MHA) reduction mandate.

HUMAN CAPITAL

Goal 3: Create an agile learning organization and culture that strives to exceed customer expectations by hiring, training, developing and retaining a diverse, motivated and engaged workforce.

Champion: Mr. James W. Norris, Executive Director, DCMA Special Programs

Through this Strategic Plan we're shaping how we recruit, train and mentor our workforce. We are building a team of 13,000 functional subject matter experts, and from that pool we're developing the leadership that will guide us through the next few decades. It's exciting but exacting work.

As an agency we have to make the continuous learning of our workforce not only a priority, but part of our culture. Skills training and education is a requirement for most functional specialists, and it's also good business, as we grow and maintain a smart, capable, and dedicated team.

Our objectives and initiatives here are almost linear, taking us from recruitment to career-broadening experiences. These are mission-first — getting the job done for our customers is paramount — but were created with the understanding that the foundation of our success is smart, experienced, well-trained people.

Our employees are our great contribution to national defense; we have to make them exceptional. The great news is we're getting better at this every day.

We're broadening our hiring pool, incorporating new technology to augment traditional learning, and harnessing the internal knowledge base to build our future.

We're bringing in good people and making them great, helping them find career paths that maximize their skills and provide long-term benefits for the Agency, the Department of Defense and our nation.

Objective 3.1: Define, hire, shape, prepare and retain DCMA workforce to meet demands of current and emerging workload.

Initiative 3.1.1: Shape workforce recruiting efforts to meet demands of future requirements while enhancing the size, diversity and quality of the applicant pool.

Initiative 3.1.2: Establish, document and publish career paths for each functional community.

Initiative 3.1.3: Establish and encourage rotational assignments within DCMA and career broadening experiences external to DCMA.

Objective 3.2: Create and sustain a “Culture of Caring” where people can thrive and achieve their full potential.

Initiative 3.2.1: Foster a climate of trust and mutual respect empowering employees to embrace change and innovation.

Initiative 3.2.2: Establish and sustain a culture of mentoring at DCMA in order to leverage talent within the organization.

Initiative 3.2.3: Develop and implement the Agency’s Leadership Development Program (LDP).

STEWARDSHIP

Goal 4: Expect of ourselves what we expect of our contractors and what the taxpayer expects from us: good fiscal stewardship.

Champion: Mr. James M. Russell, Deputy Director, DCMA

In our 15 years as an independent agency we've worked hard to establish ourselves as a valuable partner to our customers and a prudent steward of taxpayer resources. Often these values come through our contributions to affordability and informed acquisition decisions made by our customers – we help them ensure that the resources spent on their contracts achieve their intended goals. It's incumbent on us, then, to turn the microscope around and also look at how we do our business. We can't advise customers on good fiscal stewardship, nor expect it of our contractors, if we don't walk the talk ourselves. As a key service provider to our customers, we are their eyes and ears on the factory floor helping to ensure that they get what they contracted for. We are their trusted agents accepting critical material for them and authorizing over \$455 million every day in contract payments for them. This is a huge part of our customers' financial resources and a major player in their ability to be audit ready themselves. If our policies, procedures, practices and management controls are not tight and consistently applied, our customers, and the department as a whole, will fall short of achieving a clean audit opinion. We also need to make sure our own financial house is in order. In DCMA, we are entrusted with over \$1.6 billion in budget authority every year to accomplish our mission. Just like the rest of the department, as a reporting entity, we need to be certain that we have strong financial management controls in place and that we are making sound, supportable business decisions about how we spend our resources – and that they are properly focused on meeting our mission objectives. We have three major objectives here. First is to get audit ready and stay that way – both for us and for our customers. DoD is clear in our Financial Improvement and Audit Readiness responsibility.

It's good business practice we're on course to comply with, and we'll continue to sustain our internal controls and readiness into the future. Second, we'll implement a long-term strategy to make the most out of our budget, mindful of current and potential DoD budget constraints. Finally, we will reduce facility costs by 30%. This will come from a combination of optimizing our footprint, partnering with the military services where on-base locations make sense, leveraging recent advances in IT and communications technology at every site, establishing appropriate and consistent facility standards, and becoming more energy efficient.

Objective 4.1: Achieve and sustain audit readiness for ourselves and our customers.

Initiative 4.1.1: Obtain an unqualified audit opinion, for contract pay, by the Service provider, by FY17.

Initiative 4.1.2: Obtain an unqualified opinion on the reporting entity by FY17.

Initiative 4.1.3: Establish sustainment plans to support annual examinations and continued audit readiness.

Initiative 4.1.3A: Establish a plan to support annual service provider examinations and sustain audit readiness. Measure of success: automation of process controls.

Initiative 4.1.3B: Establish a culture of internal controls and continual audit readiness. Achieve at least 95% of effective controls.

Objective 4.2: Implement an agile, integrated resourcing and prioritization strategy that ensures our use of taxpayer funds maximizes long-term positive impact.

Initiative 4.2.1: Implement a Strategic Prioritization Model (SPM). Measure of effectiveness is zero unknown Unfunded Requirements (UFRs) due to a lack of proper planning for known requirements in the previous strategic prioritization process for Future Years Defense Program.

Initiative 4.2.2: Institutionalize the Resource Workload Model process with published business practices.

Initiative 4.2.3: Incorporate an integrated resourcing process with our governance and implementation structure.

Initiative 4.2.4: Develop/Deploy Energy and Environmental Program – promote and adopt green (facility, energy and environmental) practices.

Initiative 4.2.5: Implement facility and equipment standards (include smart-space guidelines) – optimize physical locations and use of DoD space when prudent. Achieve 30% reduction of our overall facilities cost.

Initiative 4.2.6: Develop a strategic vision of the workforce/workplace of the future: Optimize resources and infrastructure.

ACRONYMS AND ABBREVIATIONS

AT&L – Acquisition, Technology & Logistics
BCM – Business Capabilities Model
BBP – Better Buying Power
CAEs – Component Acquisition Executives
CBAR – Contractor Business Analysis Repository
CBS – Contractor Business System
CONOPS – Concept of Operations
CPSR – Contractor Purchasing System Review
DAES – Defense Acquisition Executive Summary
DAMIR – Defense Acquisition Management Information Retrieval
DCAA – Defense Contract Audit Agency
DCMA – Defense Contract Management Agency
DIB – Defense Industrial Base
DoD – Department of Defense
DoD IG – Department of Defense Inspector General
EEO – Equal Employment Opportunity
EV – Earned Value
EVMS – Earned Value Management System
FPRA – Forward Pricing Rate Agreement
FY – Fiscal Year
GAO – Government Accountability Office

IR&D – Independent Research & Development
IT – Information Technology
LDP – Leadership Development Program
MA – Mission Assurance
MHA – Major Headquarters Activity
MICP – Managers Internal Control Program
MPS – Major Program Support
OSD – Office of the Secretary of Defense
QMS – Quality Management System
PARs – Program Assessment Reports
PCO – Procuring Contracting Officer
PCSA – Prime Control of Subcontractor Assessment
POAM – Plan of Action and Milestones
RFI – Requests for Information
RFP – Request for Proposal
SAE – Service Acquisition Executives
SSIP – Services' Supplier Incentive Program
SPM – Strategic Prioritization Model
SRS – Supplier Rating System
UFR – Unfunded Requirement